



Testimony on: SB0992 - Public Utilities - Large Load Customers - Registration and Demand Response Program
Committee: Education, Energy and the Environment
Organization: Maryland Legislative Coalition Climate Justice Wing
Submitting: Dave Arndt, Co-Chair
Position: Favorable with Amendments
Hearing Date: March 12, 2026

Dear Chair Feldman and Committee Members:

Thank you for allowing our testimony today in support of SB0992 –Public Utilities - Large Load Customers - Registration and Demand Response Programs. The Maryland Legislative Coalition Climate Justice Wing, a statewide coalition of 32 grassroots and professional organizations focused on climate justice, urges you to vote favorably on SB0992 with some amendments. We hope we can work together to bring it to the Governor’s desk with some important environmental protection adjustments to the bill.

Our current electrical regulatory system was built on the principle of gradual and universal growth. Data centers break this paradigm; they are not gradual or universal. They also are local and massive. One hyper-scale data center can use the power of 640,000 homes and be constructed in 3 years. Imagine the electrical demand of the City of Baltimore being added to the grid in three years. Right now, the estimated 3GW needed to power all the currently proposed data centers at the Alcoa site in Fredrick is nearly equal to the electricity used by all Maryland households. Clearly, the old electric system paradigm is truly broken by data centers.

Another typical parameter of electricity use is variability; however, data center electric load is constant. While this makes predicting electrical use easier, it consistently adds demand during “peak” periods. This pattern increases the need for more generation and reserve capacity for the grid to handle “peak” demand periods. These factors increase ratepayer cost.¹

Unfortunately, no Maryland agency tracks and manages large load customers as they request power from a utility or start using electricity from the grid. So basically, the Public Service Commission (PSC) and ratepayers are being blindsided by data center build out.

Electricity costs in some data center-dense areas like Virginia have surged by over 250% in just five years. In the PJM region — the world’s largest power market — capacity auction prices spiked 800% in 2024, in large part due to data center growth. That year, consumers across seven PJM states paid \$4.3 billion more in electricity costs to cover deployment of new transmission infrastructure to serve data centers.^{2,3,4}

To help lower the ratepayer impact of data centers in Maryland, a first step is to create a process whereby large load customers must first register their electricity requirements with the PSC

before they are permitted to interconnect. This will help the state plan for significant electric load growth, while understanding the impact on ratepayers.⁵ The second part of the solution is to incentivize large load customers to reduce their consumption during those few hours of peak demand during the year when excess generation is required.^{6,7} This will lower the need for peaker plants, (typically fueled by natural gas, oil, or coal) which are often older, less efficient, and emit high levels of pollution. Reducing data centers' power requirements can be done in a variety of ways. However, if they retain the same level of electrical usage and just decrease demand from the grid, it has to be done with clean electric technologies within the PJM territory.

SB0992 offers solutions by creating both requirements and incentives for "large load customers" to address their impact on the grid and electric rates, and to provide Maryland regulators more information about and control over new large load customers' interconnection to the electric system. The bill defines a *large load customer* as a "commercial or industrial customer for retail electric service that: (I) has or is projected to have an aggregate monthly demand of at least 25 megawatts; and (II) has or is projected to have a load factor of more than 80%." The bill also requires the PSC to establish a demand response program for large load customers. Specifically, the bill directs the PSC to offer each large load customer that participates in the program the option of contracting for: 6 nonconsecutive 4-hour periods of load management or demand-side management time slots per calendar year; or 10 nonconsecutive 10-hour periods of load management or demand-side management time slots per calendar year. The PSC also must establish a clearly defined penalty system for large load customer nonperformance during force majeure events; establish a dispute resolution process; and establish multiple notification and communication channels for participating large load customers.

We support the SB0992 provisions; however, we recommend the following additional changes:

1. On-site backup generating facilities must explicitly exclude emergency diesel or methane fueled backup generators.
2. 100% renewable energy located in the PJM service territory to fully operate the data center must be new or have been in operation less than 2 years.
3. Explicitly state that the qualified sales and use tax exemption program is only available to data centers that qualify for the large load program, and for all other data centers, the sales and use tax exemption program is repealed.
4. Diesel generators and methane fueled generators can only be used for grid service outages and can never be connected to the grid.
5. Remove the line that requires the PSC to develop a clear compensation structure or financial incentives for program participation; the sales and use tax exemption program is sufficient compensation for program participation.

We respectfully request the committee vote favorable with amendments and adopt our recommended changes to SB0992.

350MoCo

Cedar Lane Unitarian Universalist Church Environmental Justice Ministry

Chesapeake Earth Holders

Chesapeake Physicians for Social Responsibility

Climate and Law and Policy Project

Climate Parents of Prince George's

Climate Reality Project

ClimateXChange
Coming Clean Network, Union of Concerned Scientists
DoTheMostGood Montgomery County
Echotopia
Elders Climate Action Maryland
Fix Maryland Rail
Glen Echo Heights Mobilization
Greenbelt Climate Action Network
HoCoClimateAction
IndivisibleHoCoMD
Maryland Legislative Coalition
Maryland Third Act
Mizrahi Family Charitable Fund
Mobilize Frederick
Montgomery County Faith Alliance for Climate Solutions
Montgomery Countryside Alliance
Mountain Maryland Movement
Nuclear Information & Resource Service
Progressive Maryland
Safe & Healthy Playing Fields
Takoma Park Mobilization Environment Committee
The Climate Mobilization MoCo Chapter
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